



**DEPARTMENT OF WAR
DEFENSE OFFICE OF HEARINGS AND APPEALS**



In the matter of:)
)
) ISCR Case No. 25-00426
)
Applicant for Security Clearance)

Appearances

For Government: Troy Nussbaum, Esq., Department Counsel
For Applicant: *Pro se*

04/06/2026

Decision

HYAMS, Ross D., Administrative Judge:

Applicant failed to mitigate the financial considerations security concerns arising from her delinquent debts. Eligibility for access to classified information is denied.

Statement of the Case

On May 6, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (financial considerations). Applicant answered the SOR on June 29, 2025, and requested a hearing before an administrative judge. The case was assigned to me on January 5, 2026.

The hearing convened on February 10, 2026. Department Counsel submitted Government Exhibits (GE) 1-4, which were admitted in evidence without objection. Applicant did not submit any documentary evidence at the hearing. After the hearing concluded, I held the record open for two weeks to allow Applicant to submit documentation. She timely submitted Applicant’s exhibits (AE) A-Q, which were admitted without objection.

Findings of Fact

Applicant admitted all the SOR allegations. Her admissions are incorporated into the findings of fact. Based on my review of the pleadings, evidence submitted, and testimony, I make the following findings of fact.

Applicant is 35 years old. She is unmarried and has no children. She earned a bachelor's degree in 2012 and a master's degree in 2015. She had previously served as a federal probation officer from 2018-2023 and held a public trust clearance. She resigned from that position and has been unable to find full-time steady work. She has applied for work as a background investigator with a government contractor, which is contingent on obtaining a security clearance. (Tr. 14-20; GE 1)

In January 2023, Applicant required surgery and had a recovery period before she could return to work. The nature of her work as a probation officer required irregular and inconsistent hours. She reported she had to work longer hours on some days, and she would accumulate "comp time" which she could use to take leave later. At times she would request leave at the end of the week, when her supervisor was out, and would take the leave before it was officially approved. She stated she was being considered for termination, because of her leave practices. She decided to resign in September 2023 because she did not want to be terminated, she was no longer able to work the irregular hours, and she had another surgery scheduled, which required another recovery period. The issues surrounding her resignation were not alleged in the SOR. This information will not be considered under matters of disqualification. (Tr. 40-62)

Despite her experience and education, Applicant has had difficulty finding employment since her resignation in September 2023. She earned \$33 hourly working as a probation officer, and did not think she would be unable to find gainful employment when she resigned. She reported she has only been able to find part-time work. She has been working part-time for a grocery store, earning about \$15 hourly, and she is only allowed to work between 25-30 hours weekly. In two years, she has not been given a raise or more hours. She also has seasonal employment with an airline earning about \$23 hourly. She has tried to obtain full-time work with the airline but is on a waiting list for a position behind more senior personnel. (Tr. 40-62; AE N)

Applicant asserted that she has actively applied for full-time work in State A and other locations, both in and out of her career field, but has been unable to secure employment. She stated that she is living paycheck to paycheck. She budgets her money and puts her income to her most pressing monthly needs. She has faced several eviction notices over the last year. In her free time, she is actively seeking employment in State A and other states. (Tr. 40-62)

Under Guideline F, the allegations are as follows:

SOR ¶ 1.a alleges an account placed for collection for \$19,326. Applicant reported this was a personal loan she took to help herself and mother. She was living in State B and the rent was very expensive. She stated the loan was an attempt to get ahead with her finances. Her mom needed assistance paying her property taxes so that she did not lose her house. She reported she was able to repay this loan until she resigned from her job. She testified she had contacted the original creditor who directed her to a new debt collector. She has made a hardship request asking they cease collection activities. She provided documentation showing that the new creditor sent her correspondence regarding her hardship request and some additional information. There is no further information about the outcome of the request in the record. (Tr. 20-40; AE A)

SOR ¶ 1.b alleges a credit card account that was charged off for \$6,259. Applicant testified that they initially offered her a \$400 monthly payment plan, which she could not afford. Post-hearing, she submitted new documentation showing the creditor offered her a settlement option for a onetime payment of \$2,503, and they also outlined several different payment plan options based on the larger balance. There is no further information in the record about if the offer was accepted or not. (Tr. 20-40; AE B)

SOR ¶ 1.c alleges a credit card account charged off for \$4,896. Applicant testified she had arranged a payment plan. She provided documentation showing the plan is for \$136 monthly, starting in March 2026. (Tr. 20-40; AE C)

SOR ¶ 1.d alleges a personal loan account charged off for \$2,319. Applicant testified she used the money to help her pay monthly expenses after she resigned from her job. She reported she has tried to arrange a settlement with the creditor but could not afford the initial offered monthly payment plan of \$400. Post-hearing, she submitted new documentation showing the creditor offered her a settlement option for a onetime payment of \$927, and they also outlined several different payment plan options based on the larger balance. There is no further information in the record if the offer was accepted or not. (Tr. 20-40; AE D)

SOR ¶ 1.e alleges a personal loan account charged off for \$2,148. Applicant testified she used the loan to help her pay monthly expenses after she resigned from her job. She reported she has tried to arrange a settlement with the creditor but could not afford the initial offered monthly payment plan of \$400. Post-hearing, she submitted new documentation showing the creditor offered her a settlement option for a onetime payment of \$859, and they also outlined several different payment plan options based on the larger balance. There is no further information in the record if the offer was accepted or not. (Tr. 20-40; AE E)

SOR ¶ 1.f alleges a student loan account placed for collection for \$1,958. Applicant testified she had arranged a payment plan. She provided documentation showing the plan is for \$60 monthly, starting in March 2026. (Tr. 20-40; AE F)

SOR ¶ 1.g alleges a loan account charged off for \$1,831. Applicant testified she used the loan to assist with her living expenses in State B. She testified that she has a

payment plan, and provided documentation showing the plan is for \$60 monthly, starting in March 2026. (Tr. 20-40; AE G)

SOR ¶ 1.h alleges an account charged off for \$1,100. Applicant testified she has a payment plan for \$50 monthly. She provided documentation showing that she made a \$50 payment on this debt in February, but did not provide documentation of a recurring payment plan. (Tr. 20-40; AE H)

SOR ¶ 1.i alleges Applicant has a credit card account placed for collection for \$672. Applicant testified that she had established a payment plan. She provided documentation showing that the plan is for \$37 biweekly, starting in February 2026. (Tr. 20-40; AE I)

SOR ¶ 1.j alleges an account charged off for \$322. This debt was an installment loan that Applicant could not pay when she resigned from her job. She testified she has a payment plan. She provided documentation showing a plan for \$25 biweekly, starting in March 2026. (Tr. 20-40; AE J)

SOR ¶ 1.k alleges an account charged off for \$166. This debt was an installment loan that Applicant could not pay when she resigned from her job. She testified that she has a payment plan for \$55 biweekly that starts in late February. They did not provide her with email confirmation of the plan. She provided documentation showing that \$50 and \$16.50 payments were made on this debt in February. (Tr. 20-40; AE K)

SOR ¶ 1.l alleges an account charged off for \$74. This debt was an installment loan that Applicant could not pay when she resigned from her job. She testified that she has a payment plan. She provided documentation showing a plan for \$20 weekly, which will be resolved in full in late March 2026. (Tr. 20-40; AE L)

SOR ¶ 1.m alleges an account charged off for \$60. This debt was an installment loan that Applicant could not pay when she resigned from her job. She testified that she has a payment plan. She provided documentation showing a plan for \$20 weekly, which will be resolved in full in early March 2026. (Tr. 20-40; AE M)

Applicant reported efforts to resolve delinquent debt on her SCA. She testified that she had an appointment scheduled with a credit counselor in late February. She stated that she has a written budget and uses it for her monthly expenses. A friend suggested that she file bankruptcy, but she did not think that was the right option for her at this time. She wants to work on her repayment efforts to resolve the debts. (Tr. 20-40)

Post-hearing, Applicant provided a monthly budget that shows that her expenses with debt payments are \$660 greater than her monthly income. She provided documentation showing she has an offer for full-time employment with a government contractor that will pay her about \$23.00 hourly and benefits, which is \$8 an hour greater than her current salary. This increase would provide her about \$1,200 more monthly. She plans to use this income to settle her remaining delinquent debt. (AE N-Q)

Policies

This case is adjudicated under Executive Order (EO) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; DOD Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG), which became effective on June 8, 2017.

When evaluating an applicant's suitability for a security clearance, the administrative judge must consider the adjudicative guidelines. In addition to brief introductory explanations for each guideline, the adjudicative guidelines list potentially disqualifying conditions and mitigating conditions, which are to be used in evaluating an applicant's eligibility for access to classified information.

These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, administrative judges apply the guidelines in conjunction with the factors listed in the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. According to AG ¶ 2(c), the entire process is a conscientious scrutiny of a number of variables known as the "whole-person concept." The administrative judge must consider all available, reliable information about the person, past and present, favorable and unfavorable, in making a decision. The protection of the national security is the paramount consideration. AG ¶ 2(b) requires that "[a]ny doubt concerning personnel being considered for national security eligibility will be resolved in favor of the national security."

Under Directive ¶ E3.1.14, the Government must present evidence to establish controverted facts alleged in the SOR. Under Directive ¶ E3.1.15, the applicant is responsible for presenting "witnesses and other evidence to rebut, explain, extenuate, or mitigate facts admitted by the applicant or proven by Department Counsel." The applicant has the ultimate burden of persuasion to obtain a favorable security decision.

A person who seeks access to classified information enters into a fiduciary relationship with the Government predicated upon trust and confidence. This relationship transcends normal duty hours and endures throughout off-duty hours. The Government reposes a high degree of trust and confidence in individuals to whom it grants access to classified information. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation of potential, rather than actual, risk of compromise of classified information.

Section 7 of EO 10865 provides that adverse decisions shall be "in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned." See *also* EO 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information).

Analysis

Guideline F, Financial Considerations

The security concern for financial considerations is set out in AG ¶ 18:

Failure to live within one's means, satisfy debts, and meet financial obligations may indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, all of which can raise questions about an individual's reliability, trustworthiness, and ability to protect classified or sensitive information. Financial distress can also be caused or exacerbated by, and thus can be a possible indicator of, other issues of personnel security concern such as excessive gambling, mental health conditions, substance misuse, or alcohol abuse or dependence. An individual who is financially overextended is at greater risk of having to engage in illegal or otherwise questionable acts to generate funds.

This concern is broader than the possibility that an individual might knowingly compromise classified information in order to raise money. It encompasses concerns about an individual's self-control, judgment, and other qualities essential to protecting classified information. An individual who is financially irresponsible may also be irresponsible, unconcerned, or negligent in handling and safeguarding classified information. ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012).

The guideline notes conditions that could raise security concerns under AG ¶ 19. The following are applicable in this case:

- (a) inability to satisfy debts; and
- (c) history of not meeting financial obligations.

Conditions that could mitigate the financial considerations security concerns are provided under AG ¶ 20. The following are potentially applicable:

- (a) the behavior happened so long ago, was so infrequent, or occurred under such circumstances that it is unlikely to recur and does not cast doubt on the individual's current reliability, trustworthiness, or good judgment;
- (b) the conditions that resulted in the financial problem were largely beyond the person's control (e.g., loss of employment, a business downturn, unexpected medical emergency, a death, divorce or separation, clear victimization by predatory lending practices, or identity theft), and the individual acted responsibly under the circumstances; and

(d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.

AG ¶¶ 20(a) and 20(d) do not apply. Applicant has about \$41,000 in delinquent debt. She provided evidence payment arrangements for SOR ¶¶ 1c, 1.f-1.m, totaling about \$11,079 of debt. She has contacted the creditors for SOR ¶¶ 1.a, 1.b, 1.d, and 1.e, totaling about \$30,052 of debt, but did not indicate how she will resolve these debts. Her failure to pay her delinquent debt is recent, not isolated, and ongoing. While she has made payment arrangements, she did not provide sufficient evidence showing a consistent track record of debt payments. Since her monthly expenses are \$660 greater than her monthly income, and she has experienced dire financial circumstances in the last two years, her ability to resolve her financial delinquencies is questionable.

AG ¶ 20(b) Applicant did not provide sufficient evidence to find that her financial delinquencies were due to circumstances beyond her control or that she acted responsibly under the circumstances.

Applicants bear the burden of providing documentation and persuasion in mitigation. An Applicant is not held to a standard of perfection in her debt-resolution efforts or required to be debt-free. However, she is just starting her debt resolution efforts, and it's not clear she is financially stable. More time is required for her to demonstrate reliability, trustworthiness, and good judgment.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an applicant's eligibility for a security clearance by considering the totality of the applicant's conduct and all relevant circumstances. The administrative judge should consider the nine adjudicative process factors listed at AG ¶ 2(d):

- (1) the nature, extent, and seriousness of the conduct;
- (2) the circumstances surrounding the conduct, to include knowledgeable participation;
- (3) the frequency and recency of the conduct;
- (4) the individual's age and maturity at the time of the conduct;
- (5) the extent to which participation is voluntary;
- (6) the presence or absence of rehabilitation and other permanent behavioral changes;
- (7) the motivation for the conduct;
- (8) the potential for pressure, coercion, exploitation, or duress; and
- (9) the likelihood of continuation or recurrence.

Under AG ¶ 2(c), the ultimate determination of whether to grant eligibility for a security clearance must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept. I considered the potentially disqualifying and mitigating conditions in light of all the facts and circumstances surrounding this case. I have incorporated my comments under Guideline F in my whole-person analysis.

Overall, the record evidence leaves me with questions and doubts about Applicant's eligibility for a security clearance. I conclude that Applicant has not mitigated the financial considerations security concerns.

This decision should not be construed as a determination that Applicant cannot or will not attain the state of reform necessary for eligibility for access to classified information in the future.

Formal Findings

Formal findings for or against Applicant on the allegations set forth in the SOR, as required by section E3.1.25 of Enclosure 3 of the Directive, are:

Paragraph 1, Guideline F:	AGAINST APPLICANT
Subparagraphs 1.a-1.m:	Against Applicant

Conclusion

It is not clearly consistent with the national interest to grant Applicant a security clearance. Eligibility for access to classified information is denied.

Ross D. Hyams
Administrative Judge